



# Ontario Motor Vehicle Industry Council 2021 Value-for-Money Audit

## Why we did this audit

- In 1997, the government of Ontario created the Ontario Motor Vehicle Industry Council (OMVIC) to protect consumers who enter into transactions with motor vehicle dealers, and to maintain fair and open competition for registered motor vehicle dealers.
- To assess whether OMVIC effectively carries out its mandate to protect consumers and regulate motor vehicle dealers and salespersons.

## Why it matters

- Each year approximately 1.3 million vehicle transactions take place in Ontario. Effective oversight of motor vehicle dealers and salespersons can protect consumers who enter into transactions with motor vehicle dealers.
- Buying a motor vehicle can be an expensive long-term financial commitment. As a result, it is important for consumers to be aware of their rights.

## What we found

### OMVIC Not Assessing Dealer Financial Sustainability

- In 85% of the applications we reviewed, OMVIC did not fully assess whether applicants for motor vehicle dealer registration had sufficient funding to open and operate their dealership.

### RECOMMENDATION 1

### Inspection Targets Not Met

- OMVIC has not inspected 40% of motor vehicle dealers within its target of three years and it infrequently performs follow-up inspections.
- Over the last five years, OMVIC did not follow-up on 77% of the 2,582 inspections where it had identified that motor vehicle dealers had breached one or more provisions of the law.

### RECOMMENDATIONS 5, 7

### Lengthy Investigations and Little Enforcement

- OMVIC's investigations are lengthy, taking on average 220 days to complete with many not resulting in enforcement actions.
- In 67% of the 1,547 investigations performed between 2016 and 2020, OMVIC did not take any enforcement action.

### RECOMMENDATION 9

### No Power to Compel Dealers to Compensate Customers

- About 50% of the 5,400 complaints against motor vehicle dealers handled by OMVIC between 2016 and 2020 resulted in no resolution to consumers.
- OMVIC cannot legally compel a motor vehicle dealer to compensate a consumer, even in instances where OMVIC determines that the dealer has breached the law.

### RECOMMENDATION 10

### Fund Does Not Compensate Customers Where Dealers in Breach of Laws

- The Compensation Fund is unable to protect consumers in all cases when registered motor vehicle dealers have breached the law.
- The Fund does not protect consumers who purchase vehicles from illegal vehicle dealers.

### RECOMMENDATIONS 13, 14

<b>Consumers Unaware There is No Cooling Off Period</b>	<ul style="list-style-type: none"> <li>89% of consumers surveyed by OMVIC in 2020 who had recently purchased or leased a vehicle were unaware that there was no cooling-off period (a period of time when a purchaser can cancel a contract) in Ontario.</li> </ul>
	<b>RECOMMENDATION 16</b>
<b>Low Awareness of All-In Price Ad Law</b>	<ul style="list-style-type: none"> <li>Consumer awareness of, and motor vehicle dealer compliance with, all-in-price advertising continues to be low, despite the law requiring it coming into effect more than 10 years ago.</li> </ul>
	<b>RECOMMENDATION 18</b>
<b>Lost Revenue From Sales Under-reporting</b>	<ul style="list-style-type: none"> <li>Registered motor vehicle dealers do not always report all vehicles sales to OMVIC. Of the 670 motor vehicle dealers we reviewed, 25%, or 170, underreported almost 9,000 vehicle transactions in 2019, resulting in \$90,000 of lost revenue for OMVIC.</li> </ul>
	<b>RECOMMENDATION 21</b>
<b>Board Dominated by Dealer Representatives</b>	<ul style="list-style-type: none"> <li>OMVIC's Board is heavily represented by motor vehicle dealers even though OMVIC is a consumer protection agency. Nine of OMVIC's 12 Board members are motor vehicle dealer industry representatives.</li> </ul>
	<b>RECOMMENDATION 24</b>
<b>Dealer/Salesperson Education Lacking</b>	<ul style="list-style-type: none"> <li>Motor vehicle dealers and salespersons are not required to take continuing education courses to renew their registration even though significant changes were made to the Act in 2010 that affected how vehicles are sold.</li> </ul>
	<b>RECOMMENDATION 3</b>

## Conclusions

- OMVIC did not have processes to consistently administer the Motor Vehicle Dealers Act, 2002 effectively, in order to protect the public in their transactions with motor vehicle dealers and salespersons.
- OMVIC did not always effectively regulate motor vehicle dealers and salespersons to ensure that they conduct business in a financially responsible manner.
- The Ministry of Government and Consumer Services has not sufficiently overseen OMVIC to confirm that OMVIC effectively fulfils its mandate.

Read the report at [www.auditor.on.ca](http://www.auditor.on.ca)